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SUBJECT: KOREA SEES VALUE IN THE CONVENTION ON SUPPLEMENTARY
COMPENSATION FOR NUCLEAR DAMAGE, BUT VIEWS CHINA AS THE KEY TO
RATIFICATION

REFS: A. STATE 86056

[1](#)B. STATE 54213

[1](#)1. Summary: In a September 19 meeting with ESTHOFF and U.S. nuclear power industry representatives, officials of Korea's Ministry of Education, Science and Technology (MEST) agreed in principle that the Convention on Supplementary Compensation for Nuclear Damage (CSC) was a constructive framework for lessening the risks of liability in the case of a nuclear power plant accident, but they demurred on speedy ratification of the treaty for two reasons. First, they wished to consult with China and Japan, expressing a preference to joining the CSC in tandem with those two countries, rather than joining on its own. Ministry officials said, "China is the key." They said they would discuss the issue with the Chinese at a previously scheduled meeting in November. Second, MEST officials said they needed to discuss internal legal and legislative hurdles, which would take time to resolve. Industry representatives and ESTHOFF also met with Ministry of Knowledge Economy (MKE) and Ministry of Foreign Affairs and Trade (MOFAT), but they deferred to MEST as the experts on the topic. End summary.

[1](#)2. On September 19, ESTHOFF accompanied Omer Brown of Contractors International Group on Nuclear Liability (CIGNL) and Ramsey Coates, General Counsel of Westinghouse, along with local representatives of Westinghouse and GE Korea, to meetings with MKE, MOFAT and MEST. The officials at MKE and MEST were briefed on the CSC and asked pertinent questions. The Director of MKE's Nuclear Power Industry Division expressed some concern that countries vary in their vulnerability to accidents not only because of differing technologies but also in the way they regard safety issues. Neither MKE nor MOFAT officials, however, delved deeply into the CSC; instead, they told the U.S. interlocutors that MEST was the authoritative ministry on the subject.

China's Role is the Key

[1](#)3. The meeting at MEST went nearly 30 minutes longer than the one hour originally scheduled. The meeting was chaired by Chung Heum-soo of Nuclear Emergency Division of MEST's Atomic Energy Bureau. Several technical experts from MEST, as well as Kim Sang-won of the Korea Institute of Nuclear Safety, participated.

[1](#)4. The meeting at MEST began with the same formal questions and answers that had characterized the earlier meetings with MKE and MOFAT, but when CIGNL's Mr. Brown mentioned that he had just returned from China where the Chinese had appeared interested, but non-committal, a lively discussion in Korean ensued among the Korean-speaking participants. The Koreans then emphasized that China was key to the CSC. If Korea joined the CSC alone, they said, it would be meaningless; even if Korea and Japan joined together, it would be meaningless. They made clear that it was not that they felt a need to follow China's lead, but rather that China's participation in the CSC was necessary for the terms of the treaty to be effective in Northeast Asia. They felt a coordinated approach by Korea, Japan, and China to be the best way forward. To that end, although they did not propose an advocacy role for Korea, the Koreans suggested they would put the issue on the agenda of a Joint Committee meeting already scheduled between MEST and the China Atomic Energy Agency in November. They also said they would engage with the Japanese about the CSC at the earliest opportunity.

An Internal Legal Hurdle

15. The Koreans also explained a legal/legislative hurdle that would need to be overcome before it could ratify the CSC. Currently, they said, the Korean Hydro and Nuclear Power Company (KHNP) purchases insurance for up to USD 50 million for liability for damages ensuing from a nuclear power plant accident. Although under Korean law, the KHNP would still be liable for any damages above USD 50 million, no legislation is in place to make the state liable in the case of KHNP's default. The MES officials said the government assuredly would step in to pay for damages if KHNP was unable to do so (KHNP is a government agency), but through which agencies and under what processes this would occur has not yet been discussed internally. To meet the conditions of the CSC, Korea would need to amend its legislation to specify government liability, they said, and this could necessitate the involvement of Parliament.

16. The Koreans acknowledged Mr. Brown's assertion that the Special Drawing Rights fund under the CSC would come into play if damages exceeded Standard Drawing Rights (SDR) 300 million and that purchase of additional insurance for up to SDR 300 million would be the simplest way to solve the problem. But purchase of the additional insurance, they estimated, would cost USD 7 to 8 million annually - "not a small amount." The Koreans said that internal government discussions on this issue would be necessary before they could commit to joining the CSC. Because the discussions would be complex and involve other government agencies, MEST officials said they would take time.

17. The Koreans also told ESTHOFF that the CSC ought to be an agenda topic for the U.S.-Korea Joint Standing Committee on Nuclear Energy Cooperation (JSCNEC) to be held in Seoul in October. The draft agenda the Koreans submitted earlier had omitted the CSC. They asked if the U.S. side planned to push for speedy Korean ratification of CDC. ESTHOFF and Mr. Brown replied that although there was no deadline for ratification, the U.S. hoped that Korea, as well as Japan and China, would join the CSC as quickly as possible.
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